

WC 05-19

WC Docket No. 04-

<sup>2</sup> 47 C.F.R. §§ 63.04(b), 63.24(e).

PAETEC is the holding company of several subsidiaries, including PAETEC Communications, Inc. ("PCI"). PCI holds Section 214 authority from the FCC. PCI is a national communications solutions provider offering broadband services, including advanced voice and video, enhanced data and communications management services to medium-sized and large businesses, educational institutions, governmental organizations and other entities in 27 U.S. markets. Long Lines also holds Section 214 authority, and offers resold local and long distance telecommunications services in markets throughout the United States, primarily in the Northeast United States. Long Lines has one subsidiary, American Long Lines of Virginia, Inc., which is authorized to provide services in the State of Virginia.

**B. Request for Expedited Consideration**

Although the Transaction will not change the services provided to customers, Applicants expect that the Transaction will improve business operations. In light of the substantial benefits that the Applicants expect from the Transaction, Applicants seek expedited approval to allow Applicants to complete the proposed Transaction as soon as possible.

**II. INFORMATION REQUIRED UNDER SECTIONS 63.04(b) AND 63.24(e)**

In support of this Application, Applicants submit the following information pursuant to Sections 63.04(b) and 63.24(e) of the Commission's rules.<sup>3</sup>

**A. Information Required By Section 63.18(a) through (d), and (h) through (p):**

- (1) 63.18(a) -- Name, address and telephone number of each applicant.

Transferee: PAETEC Corp.<sup>4</sup>

<sup>3</sup> 47 C.F.R. §§ 63.04(b), 63.24(e).

<sup>4</sup> PCI FRN: 0011017795

One PAETEC Plaza  
600 Willowbrook Office Park  
Fairport, NY 14450  
Tel: (877) 472-3832  
Fax: (585) 340-2801

Transferor: American Long Lines, Inc. FRN: 0004328738  
700 Enterprise Drive, 2<sup>nd</sup> Floor  
Horsham, PA 19044  
Tel: (215) 442-9700  
Fax: (215) 675-6795

(2) 63.18(b) -- State of organization.

Transferee: PAETEC is organized under the laws of the State of Delaware.

Transferors: Long Lines is organized under the laws of the Commonwealth of Pennsylvania.

(3) 63.18(c) -- Contact person for this Application.

Correspondence and communications concerning this Application should be directed to:

For Transferee:

Mary K. O'Connell, Esq.  
Senior Corporate Counsel  
PAETEC Communications, Inc.  
One PAETEC Plaza  
600 Willowbrook Office Park  
Fairport, NY 14450  
Tel: (585) 340-2669  
Fax: (585) 340-2563  
Email: mary.oconnell@paetec.com

For Transferors:

Douglas Derstine  
Owner and President  
American Long Lines, Inc.  
700 Enterprise Drive, 2<sup>nd</sup> Floor  
Horsham, PA 19044  
Tel: (215) 442-9700  
Fax: (215) 675-6795  
Email: dderstine@amll.com

(4) 63.18(d) – International Section 214 Authorizations.

Transferee: PAETEC Corp. does not hold any domestic or international Section 214 authority. PAETEC's subsidiary, PCI, is authorized to provide facilities based and resale carrier international services pursuant to Section 214 authorization granted by the Commission in File No. ITC-214-19980925-00658, DA No. 98-2313 (Nov. 6, 1996).

Transferors: American Long Lines, Inc., is authorized to provide facilities based and resale carrier international services pursuant to Section 214 authorization granted by the Commission in File No. ITC-214-19960823-00397 (Oct. 10, 1996).

(5) 63.18(h) -- Ownership of Transferee (cont'd)

The following entities directly own ten percent (10%) or more of the equity of PAETEC Corp.:

Name:	Madison Dearborn Capital Partners III, L.P.
Address:	Three First National Plaza Suite 3800 Chicago, IL 50502
Citizenship:	U.S.A.
Percentage Owned:	19.79 <sup>5</sup>
Principal Business:	Equity investment

Name:	Blackstone CCC Capital Partners, L.P.
Address:	345 Park Avenue 31st Floor New York, NY 10154
Citizenship:	U.S.A.
Percentage Owned:	13.29 <sup>6</sup>

<sup>5</sup> 0.47% of the 19.79% is held by related funds; specifically, .43% is held by Madison Dearborn Special Equity III, L.P., and .04% is held by Special Advisors Fund I, LLC

Principal Business: Equity investment

No other person or entity directly or indirectly owns ten percent (10%) or more of the equity of PAETEC, the Transferee.

Notwithstanding the foregoing disclosures, PAETEC also reports that the following individual controls PAETEC Corp. by virtue of super-voting rights associated with the class of PAETEC Corp. stock he holds, although his equity ownership interest in PAETEC Corp. is less than ten percent (10%).

Name: Arunas A. Chesonis  
Address: 18 Buckthorn Run  
Victor, NY 14564  
Citizenship: U.S.A.  
Percentage Owned: 5.98%  
Principal Business: Individual

- (6) 63.18(i) – Foreign Affiliations. PAETEC certifies that it is not, and is not affiliated with, a foreign carrier.
- (7) 63.18(j) -- PAETEC certifies that it does not seek to provide international telecommunications services to any destination country for which any of the statements set forth in paragraphs (j)(1)-(4) of Section 63.18 of the Commission's Rules is true.
- (8) Section 63.18(k) is not applicable.
- (9) Section 63.18(l) is not applicable.
- (10) Section 63.18(m) is not applicable.
- (11) 63.18(n) – No special concessions. PAETEC certifies that it has not agreed to accept special concessions, as defined in Section 63.14(b) of the Commission's Rules, directly or indirectly, from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route, and will not enter into such agreements in the future.
- (12) 63.18(o) – Certification. PAETEC certifies pursuant to Sections 1.2001 through 1.2003 of the Commission's rules that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301.
- (13) 63.18(p) – Streamlined processing. Applicants submit that this Application qualifies for streamlined processing pursuant to Section 63.12 of the Commission's rules because PAETEC is not affiliated with either a foreign carrier

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<sup>6</sup> 2.02% of the 13.29% is held by a related fund, Blackstone CCC Offshore Capital Partners L.P.

or a dominant U.S. carrier whose international switched or private line services PAETEC seeks authority to resell, and PAETEC does not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of such services over private lines.

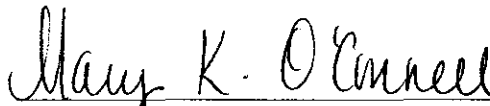
**B. Information Required By Section 63.04(b)**

Attached hereto as **Attachment 1** is the additional information required under paragraphs (a)(6) through (a)(12) of Section 63.04 of the Commission's rules.

**III. CONCLUSION**

Wherefore, for the reasons stated herein, Applicants respectfully submit that the public interest, convenience and necessity would be furthered by grant of this Application for international and domestic Section 214 authority for Long Lines to transfer control to PAETEC.

Respectfully submitted,



Mary K. O'Connell, Esq.  
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Douglas Derstine  
President and Owner  
American Long Lines, Inc.  
700 Enterprise Drive, 2<sup>nd</sup> Floor  
Horsham, PA 19044  
Tel: (215) 442-9700  
Fax: (215) 675-6795

Dated: January 4, 2005

## **LIST OF ATTACHMENTS**

**ATTACHMENT 1      Additional Information Required under Section 63.04(a)(6)  
through (a)(12)**

**VERIFICATION OF TRANSFEREE**

**VERIFICATION OF TRANSFEROR**

## ATTACHMENT 1

### **Additional Information Required under Section 63.04(a)(6) through (a)(12) For a Domestic Section 214 Transfer of Control Application**

**(a)(6) Description of the transaction.**

Applicants request Commission approval for transfer of control of Long Lines to PAETEC. All of the issued and outstanding equity securities of Long Lines is currently owned beneficially and of record by Douglas Derstine ("Seller"). As a result of the transfer of control, Long Lines will become a wholly owned subsidiary of PAETEC. The transaction will not change the rates, terms or conditions under which Long Lines provides service to customers. Long Lines will continue to provide service to their customer base, and immediately following the transaction, Long Lines will continue to conduct their operations in the same manner in which their operations are currently conducted.

**(a)(7) Description of geographic areas served by Applicants and their affiliates.**

Transferee: PAETEC is the holding company of PAETEC Communications of Virginia, Inc., which offers local and long distance services in Virginia, and PAETEC Communications, Inc., which offers services in the following states:

Active and Operating – Long Distance

NJ, TX, MA, MI, RI, NH, CA, IA, OH, DE, IN, NY, MT, NV,  
ME, PA, MD, WA, FL, OR, UT, MS, TN, AL, CT, IL, WI, VT,  
AR, NC, WY, SD, SC, ID, GA, AZ, KY, KA, ND, NE, MO, MN,  
OK, LA, NM

Active and Operating – Local

MA, NJ, NY, PA, MD, RI, FL, NH, CT, IL, CA, DC, DE, TX,  
OH, NV, NC, VT, GA, CO, MI, KS, WI, IN, OR, MN, MO, NM

Pending

UT (local)

Transferors: Long Lines has an affiliate, American Long Lines of Virginia, Inc., which offers local and long distance services in Virginia. Long Lines offers local and long distance services in the following states:

Active and Operating – Long Distance  
Nationwide except AK, HI, and AL

Active and Operating – Local  
NY, NJ, PA, NH, RI, MA, MD, VA

Pending  
CT (local and long distance)

(a)(8) Streamlined Treatment.

Applicants respectfully submit this Application qualifies for streamlined treatment because none of the applicants is dominant with respect to any service and the market presence of Transferee following the transfer of assets will be less than 10 percent. Consequently, the proposed asset transfer has no potential to result in harm to the public interest.

(a)(9) Related Applications.

Other than the international Section 214 portion of this Application, no other FCC applications relate to the transaction that is the subject of this Application.

(a)(10) Special Consideration.

Applicants anticipate that the asset transfer described herein will take place on or about February 28, 2004, and therefore respectfully request that this Application be placed on public notice as soon as possible in order to meet the proposed closing deadline. Applicants are not requesting special consideration of this Application because any is facing imminent business failure.

(a)(11) Waiver Requests.

No waiver requests have been filed in conjunction with this transaction.

(a)(12) Statement of Public Interest.

Grant of this Application will serve the public interest, convenience and necessity by promoting competition among telecommunications carriers. Specifically, approval of the proposed transfer of control will enable PAETEC to strengthen its competitive presence and to concentrate its resources and expertise on providing innovative and diversified service offerings to consumers.

VERIFICATION

STATE OF New York )  
COUNTY OF Monroe ) SS:

I, DANIEL J. VENUTI, being first duly sworn, state that I am  
EVP, SECRETARY & GENERAL COUNSEL of PAETEC Corp., and  
applicant in the foregoing Application; that I am authorized to make this Verification on behalf  
of PAETEC CORP; that the foregoing Application was prepared under my  
direction and supervision; and that the contents are true and correct to the best of my knowledge,  
information, and belief.

Daniel J. Venuti  
Signature

Sworn and subscribed before me this 4<sup>th</sup> day of JAN, 2005.

Karen F. Ferrini  
Notary Public

My commission expires 11/30/06


KAREN F. FERRINI  
Notary Public, State of New York  
No. 4765563  
Qualified in Monroe County  
Commission Expires Nov. 30, 2006

VERIFICATION


STATE OF Pennsylvania )  
 )  
COUNTY OF Montgomery )

ss:

I, Douglas W. Derstine, being first duly sworn, state that I am  
Owner of American Long Lines Inc., and  
applicant in the foregoing Application; that I am authorized to make this Verification on behalf  
of American Long Lines Inc.; that the foregoing Application was prepared under my  
direction and supervision; and that the contents are true and correct to the best of my knowledge,  
information, and belief.

  
Signature

Sworn and subscribed before me this 30 day of Dec., 2004.

  
Notary Public

My commission expires Oct. 17, 2008

